

Message Text

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ORIGIN OPIC-06

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DRAFTED BY OPIC/D:RSSMITH/LJHAPPEL:PLD

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OPIC/PA:RLJORDAN (INFO)

-----020664 070949Z /10

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FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

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FROM OPIC

E.O. 11652: N/A

TAGS: EINV, CG

SUBJECT: ACTING PRESIDENT OF OPIC MEETS WITH

--- FOREIGN MINISTER NGUZA

1. ON JULY 28, 1977, ACTING PRESIDENT OF OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC), RUTHERFORD M. POATS, MET WITH ZAIRE FOREIGN MINISTER NGUZA IN WASHINGTON. NGUZA WAS ACCOMPANIED BY OUTGOING ZAIRE AMBASSADOR TO WASHINGTON IDZUMBUIR (DIRECTOR-GENERAL DESIGNATE OF THE FOREIGN MINISTRY).

2. POATS BEGAN DISCUSSION BY BRIEFLY DESCRIBING OPIC'S ROLE IN PROMOTING FOREIGN INVESTMENT IN LDCS. POATS NOTED

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THAT OPIC HAD INSURED THREE U.S. BANKS IN ORIGINAL SMTF PROJECT AND REMAINED INTERESTED IN IT. IN DELINEATING POTENTIAL AREAS OF OPIC-ZAIRE COLLABORATION, POATS SAID OPIC WOULD GIVE SERIOUS CONSIDERATION TO INSURING AND FINANCING PROSPECTIVE REYNOLDS SMELTER PROJECT AT BOMA, WHICH WOULD USE POWER GENERATED BY THE INGA SHABA DAM. FM WAS FAMILIAR WITH BOTH. POATS EMPHASIZED OPIC'S PLANS

TO INCREASE ITS ACTIVITIES IN BOTH NATURAL RESOURCES AND AGRIBUSINESS SECTORS, INCLUDING OIL EXPLORATION AND PRODUCTION. NGUZA STATED THAT AGRICULTURE HAD RECENTLY BEEN

PROGRAMMED AS PRIORITY FOR DEVELOPMENT. POATS EXPLAINED OPIC'S CLOSE COLLABORATION WITH THE AGRIBUSINESS COUNCIL (ABC) AND THE POTENTIAL FOR SPECIAL OPIC-ABC SERVICES AS PART OF OVERALL COOPERATIVE EFFORTS.

3. POATS WAS CAREFUL TO BRING UP VARIOUS CONCERNS U.S. INVESTORS AND OPIC HAVE WITH ZAIRE AT PRESENT, INCLUDING CURRENT FOREIGN DEBT PROBLEMS AND STATE OF ZAIRE'S ECONOMY, PERIODIC WAR SCARES, INTERRUPTION OF TRANSPORTATION AND FOREIGN INVESTOR CONCERNS STEMMING FROM EARLIER ZAIRIANIZATION OF PROJECTS. POATS EXPLAINED IT WOULD BE NECESSARY FOR ZAIRE TO RELIEVE POTENTIAL INVESTOR WORRIES AND CLARIFY PROBLEMS OF FOREIGN OWNERSHIP. HE QUALIFIED ANY DISCOURAGEMENT BY RELATING HOW OPIC PREVIOUSLY "TRAIL-BLAZED" FOR U.S. INVESTORS WITH A LARGE MINERAL PROJECT IN INDONESIA, AT TIME WHEN NO INVESTORS WERE WILLING TO GO THERE.

4. NGUZA WAS ANXIOUS TO DISPEL ALL WORRIES ABOUT "OLD" ZAIRIAN PROBLEMS. HE WAS EAGER TO POINT OUT THAT ZAIRE WAS VICTIM OF CIRCUMSTANCES WITH REGARD TO THE ANGOLAN SITUATION AND FALL OF COPPER PRICE. ZAIRE, HE EXPLAINED, UNCLASSIFIED

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WAS WORKING TO CLEAR PROBLEM WITH ANGOLA AND PREVENT ITS IMPACT ON FUTURE FOREIGN INVESTMENT IN ZAIRE.

5. AS FOR PROBLEM OF ZAIRIANIZATION, NGUZA STATED THAT THEY WILL PROTECT NEW INVESTMENT. ZAIRE'S PROBLEMS WITH BELGIUM WERE PECULIAR TO PREVIOUS PROBLEMS OF COLONIZATION AND ARE PAST. ALTHOUGH THERE WERE SOME PROBLEMS, NO U.S. COMPANY HAS BEEN NATIONALIZED. NGUZA STATED IT WAS ABSOLUTELY ESSENTIAL THAT ZAIRE AVOID THIS KIND OF POLICY IN THE FUTURE.

6. THE FOREIGN MINISTER FURTHER EMPHASIZED ZAIRE'S PREFERENCE FOR JOINT VENTURES STATING THAT ZAIRE WANTS FOREIGNERS TO PLAY A PART IN DEVELOPMENT OF THEIR COUNTRY. HE STRESSED IMPORTANCE OF LOCAL PARTICIPATION AND JOINT COOPERATION.

7. POATS FURTHER PROBED THE PAST PROBLEM OF ZAIRIANIZATION WITH SEVERAL EXAMPLES, INCLUDING A GERMAN COMPANY AND THE OIL DISTRIBUTORS, TO WHICH NGUZA RESPONDED THAT ALL PROBLEMS WERE SOLVED. POATS THEN EXPRESSED A WISH TO HELP ZAIRE OVERCOME ANACHRONISTIC THINKING OF PRIVATE FOREIGN

INVESTORS ALREADY IN ZAIRE. BOTH THEN PROMISED FURTHER FORMAL AND MORE SUBSTANTIVE FOLLOW-UP WITH REGARD TO OPIC-ZAIRE COOPERATION, NGUZA SUGGESTING THIS BE DONE THROUGH PRESIDENT MOBUTU'S OFFICE, PERHAPS BY SECRETARY VANCE.

POATS SUGGESTED FORMAL STATEMENT FROM GOZ REGARDING FUTURE ROLE AND POSITION OF FOREIGN INVESTORS IN ZAIRE PERHAPS FOR USE IN OPIC NEWSLETTER, TOPICS. NGUZA ALSO SUGGESTED THE POSSIBLE BENEFIT OF HAVING CENTRAL BANK GOVERNOR SAMBWA AND/OR FINANCE MINISTER MEET WITH OPIC WHEN HE IS IN WASHINGTON FOR SEPTEMBER IMF MEETING.

8. ACTION REQUESTED: (A) POATS WOULD BE MOST APPRECIATIVE OF WRAP-UP REPORT FROM EMBASSY ON GOZ'S RESOLUTION UNCLASSIFIED

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OF NATIONALIZATION POLICY AND ISSUES WITH FORMER FOREIGN INVESTORS. (B) HE WOULD ALSO WELCOME QUOTABLE STATEMENT ON ZAIRE INVESTMENT POLICY FROM APPROPRIATE ZAIRIAN MINISTER FOR CONDENSED USE IN TOPICS. (C) PLEASE INFORM FINANCE MINISTER THAT OPIC OFFICIALS WOULD BE PLEASED TO

MEET WITH HIM DURING FORTHCOMING WASHINGTON SESSION OF IBRD GROUP, OR ANY OTHER TIME HE IS IN THE UNITED STATES. CHRISTOPHER

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